Ohio Legislative Service Commission

Shannon Pleiman

Fiscal Note & Local Impact Statement

Bill: Am. H.B. 594 of the 130th G.A.

Date: November 19, 2014

Status: As Reported by House Policy and Legislative Oversight

Sponsor: Reps. Gerberry and Buchy

Local Impact Statement Procedure Required: No

Contents: Prohibits the sale or offering for sale for human consumption of powdered or crystalline alcohol and makes other changes

State Fiscal Highlights

- The Attorney General, Department of Public Safety, and Liquor Control Commission may incur a minimal administrative cost for enforcing the prohibition of selling powdered or crystalline alcohol for human consumption if it were to be approved by the U.S. Alcohol and Tobacco Tax and Trade Bureau.
- The changes in the bill may result in a very minimal increase in D-6 permit applications from certain state parks and issuances by the Division of Liquor Control within the Department of Commerce. Additional D-6 permit fee revenue would be deposited into the Undivided Liquor Permit Fund (Fund 7066) and subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by the Division of Liquor Control (45%), the local taxing district where the permit is issued (35%), and Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Alcohol and Drug Addiction Services (20%).

Local Fiscal Highlights

- If powdered or crystalline alcohol were to be approved by the U.S. Alcohol and Tobacco Tax and Trade Bureau, there may be a minimal cost for local law enforcement agencies to enforce the prohibition.
- If more D-6 permits are issued, the local taxing district would receive a portion of the liquor permit fees collected by the state and deposited into the Undivided Liquor Permit Fund (Fund 7066). Local taxing districts are to receive 35% of the permit fees attributable to permitted establishments within their jurisdiction. These revenues would presumably offset any local costs as a result of additional liquor permits.
- Adjudication costs for counties and municipalities may decrease from the open container law exemption for certain markets. However, the exemption may result in minimal loss in revenues for counties and municipalities due to the potential for fewer citations being issued for open containers.

Detailed Fiscal Analysis

The bill prohibits the sale or offering for sale powdered or crystalline alcohol for human consumption. The bill defines "powdered or crystalline alcohol" as a product that is manufactured into a powdered or crystalline form that contains any amount of alcohol. Currently, powdered or crystalline alcohol is not approved by the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB), which prohibits it to be sold in the states. The Attorney General, Department of Public Safety, and Liquor Control Commission (LCO) investigate and enforce liquor violations. If powdered or crystalline alcohol were approved by TTB, these agencies may incur a minimal administrative cost for enforcing the prohibition. However, the costs may be offset by the forfeitures, or cash fines, collected by LCO from liquor permit holders who are convicted of such violations. These forfeitures are deposited into the GRF. Lastly, if powdered or crystalline alcohol were approved by TTB, there may be minimal costs for local law enforcement agencies to enforce the prohibition.

Additionally, the bill allows the Division of Liquor Control (DOLC) under the Department of Commerce to issue a D-6 permit to the holder of any D liquor permit for a premises that is (1) licensed as a retail food establishment or food service operation, and (2) located in a state park that is established or dedicated under state law and has a working farm on its property. The fee for a D-6 liquor permit is $500. Permit fees are deposited into the Undivided Liquor Permit Fund (Fund 7066) and subsequently distributed to the State Regulatory Fund (Fund 5LP0). There would also be a minimal gain in revenue to the Liquor Control Fund (Fund 7043) from the $100 processing fee that accompanies all permanent liquor permit applications. It should be noted that any increase in revenue to the state from this bill would at least partially be offset by an increase in oversight and enforcement costs to DOLC and local governments in monitoring the revised Liquor Control Law provisions. The bill affects a very small number of state parks that would now be eligible for the D-6 permit, thus the fiscal effect on each fund would be very minimal.

The bill also creates an open container law exemption on the premises of certain markets if the beer or intoxicating liquor has been purchased from a D liquor permit holder. It is possible that it could result in fewer numbers of individuals prosecuted for open container law violations. If this occurs, adjudication costs for counties and municipalities could decrease. There might also be a minimal loss in revenues for counties and municipalities due to the potential for fewer citations being issued for open containers.

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